

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

QHA Homes III, located on the Fort Yuma Reservation near Winterhaven at the addresses listed below, requested and is being recommended for a reservation of \$782,855 in annual federal tax credits and \$2,302,850 in total state tax credits to finance the acquisition and rehabilitation of 26 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Quechan Housing Authority and is located in Senate District 40 and Assembly District 56.

The project will be receiving rental assistance in the form of NAHASDA.

Project Number CA-21-005

Project Name QHA Homes III

Site Addresses: Site 1: Site 2:
598 and 602 611, 612, 615, 616, 619, 620, 623, 624, 627, 628, 635,
Ironwood Drive 636, 639, 640, 643, 644, 645, 646, 649, 650 and 654
Ironwood Drive

Site 3: Site 4: Site 5:
661 Ironwood Drive 673 Ironwood Drive 680 Ironwood Drive

Winterhaven, CA 92283 County: Imperial

Census Tract: 9400.000

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$782,855	\$2,302,850
Recommended:	\$782,855	\$2,302,850

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: QHA Homes III Limited Partnership
Contact: Andreana Jackson
Address: 1860 Sapphire Lane
Winterhaven, CA 92283
Phone: 760-572-0243
Email: ajackson@quechanhousing.org

General Partner(s) / Principal Owner(s): Quechan Housing Authority
General Partner Type: Nonprofit
Parent Company(ies): Quechan Housing Authority
Developer: Quechan Housing Authority
Investor/Consultant: RBC Capital Markets
Management Agent(s): Quechan Housing Authority
Barker Management Company

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 26
 Total # of Units: 26
 No. & % of Tax Credit Units: 26 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: NAHASDA

Information

Set-Aside: Rural (Native American apportionment)
 Housing Type: Large Family
 Geographic Area: N/A
 TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 6	23%
At or Below 50% AMI (Rural): 12	46%
At or Below 60% AMI: 8	31%

Unit Mix

19 3-Bedroom Units
7 4-Bedroom Units
26 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
3 3 Bedrooms	30%	\$476
10 3 Bedrooms	50%	\$476
6 3 Bedrooms	60%	\$476
3 4 Bedrooms	30%	\$526
2 4 Bedrooms	50%	\$526
2 4 Bedrooms	60%	\$526

Project Cost Summary at Application

Land and Acquisition	\$2,300,000
Construction Costs	\$0
Rehabilitation Costs	\$5,241,839
Construction Contingency	\$820,448
Relocation	\$0
Architectural/Engineering	\$303,600
Const. Interest, Perm. Financing	\$32,370
Legal Fees	\$0
Reserves	\$406,023
Other Costs	\$374,288
Developer Fee	\$1,000,000
Commercial Costs	\$0
Total	\$10,478,568

Residential

Construction Cost Per Square Foot:	\$139
Per Unit Cost:	\$403,022
True Cash Per Unit Cost*:	\$403,022

Construction Financing

Source	Amount
Quechan Housing Authority Loan	\$2,373,448
State Tax Credit Equity	\$1,842,280
Tax Credit Equity	\$6,262,840

Permanent Financing

Source	Amount
Quechan Housing Authority Loan	\$2,373,448
Tax Credit Equity	\$8,105,120
TOTAL	\$10,478,568

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$7,676,167
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$2,300,000
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$7,676,167
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$2,300,000
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$690,855
Maximum Annual Federal Credit, Acquisition:	\$92,000
Total Maximum Annual Federal Credit:	\$782,855
Total State Credit:	\$2,302,850
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,000,000
Investor/Consultant:	RBC Capital Markets
Federal Tax Credit Factor:	\$0.80000
State Tax Credit Factor:	\$0.80000

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Large Family
Final:	26.652%

Significant Information / Additional Conditions:

This project involves the substantial rehabilitation of 26 buildings located on 5 scattered sites.

The tribal applicant requested and was granted a waiver to allow the project to share the onsite property manager, community building and play area with QHA Homes II (CA-19-009). Prior to the start of construction, all necessary agreements shall be in place to ensure that QHA Homes III has sufficient property management and access to the required community spaces. The Joint Use Agreement shall be provided in the placed-in-service application submission.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the Quechan Indian Tribe, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities*	15	15	N/A
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
After school program for school age children, minimum of 10 hours/week	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	94

***The Site Amenities point category was not scored pursuant to TCAC Regulations Section 10325(c)(5)(A).**

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS.
ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**